NHCNews Briefs

Industry Update

Sigoloff could net $4.5M bonus

LOS ANGELES—In June 1982, Sanford C. Sigoloff, Wickes Cos. chief executive, told a court-ordered meeting of creditors here that his $350,000 annual salary was "not enough."

What a difference two years makes. In Wickes' 10-K annual report for fiscal 1984 (ended Jan. 28) filed with the Securities and Exchange Commission in late April, it was revealed that Sigoloff was paid $880,248 last year in cash and incentive bonuses—a 151% increase from his starting salary and a 56% boost from his total 1983 compensation of $564,-648.

More significantly, the 10K report aid that Wickes' directors have approved a "confirmation awards program" (*NHCN*, March 26) for 190 key employees totaling $18 million, of which the board "anticipates that approximately 20% to 25%" will go to Sigoloff. That amount would range from $3.6 million to $4.5 million.

The report disclosed that Jeffrey Chanin, executive vp, received a salary and incentive bonus totaling $469,397 for the year, a 60% increase from his $294,083 remuneration, and a 168% boost when compared with his first-year salary of $175,000.

Wickes' third-highest wage earner, Wilhelm A. Mallory, executive vp and cfo, received total renumeration of $339,108 for the most recent fiscal year, compared with $198,042 in fiscal 1983 and $125,000 for the previous year.

According to Wickes' 156-page disclosure statement—its official reorganization plan approved in principle by creditors last February and filed with Federal bankruptcy court April 30—Wickes' creditors will receive between $400 million to $500 million more if the company were liquidated under Chapter 7.

The statement said that total liquidation of Wickes would bring creditors of the two main Wickes Cos. subsidiaries—Wickes Corp. and Gamble-Skogmo—about $575 million to $675 million. Liquidation of Wickes Corp., which oversees the Builders Emporium and Wickes Lumber divisions, would "likely result in cash available for distribution of between $250 million and $300 million," the statement said.

Home-Pro to change name

SAN ANTONIO—Home Centers of America has agreed to strike the word "pro" from its store name, Home-Pro Warehouse.

The change resulted from an out-of-court settlement with Pro Hardware, a national hardware distributor, which charged Home Center of America's use of the word "pro" constituted trademark infringement (*NHCN* May 7).

Home Centers of America also reported its first profit since the chain was launched in February 1983. For the eight weeks ended April 22, the eight-store chain earned $401,974 on $13,789,236 in sales.

The chain is expected to open its third Houston store this month and also announced plans for two more units there. Two others in that market are currently under construction, with opening expected this fall, making a total of seven units that the company has either opened or is committed to in Houston.

According to Home Centers of America senior vp Jud Walford, the chain plans to have 10 Houston stores in place before the end of fiscal 1985. The unit opening this month is located at Beachnut and Loop 610.

National Home Center News

Financial News	6
People	8
Editorial	10
Washington View	10
Lumber Report	12
Lumber Futures	12
A View From the Street	16
Special Report: Energy Products	19
Merchandising	**30-41**
Price Point Survey	41
New Products	41, 52, 53
Advertising & Marketing	**45-53**
Ad Angles	46, 48
Systems & Operations	**55**
Calendar	59

National Home Center News (ISSN 0192-6772) is published biweekly, every other Monday, 25 times a year, beginning with the first Monday in January through the fourth Monday in November, monthly in December; by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Manufacturers, schools, libraries and all others: $20 a year ($21 in Canada). Foreign subscriptions: Airmail only, $100 per year.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 10, No. 11. Copyright© 1984 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 99 Park Ave., New York, N.Y. 10157. For change of address six weeks notice is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 10, No. 11 May 21, 1984

Color Tile buys Canadian retailer; Pittsburgh units included in deal

FORT WORTH—Color Tile, one of the country's largest specialty home decor retailers, has entered into an agreement to buy Color Your World, Canada's largest paint dealer.

Color Tile will purchase the Etobicoke, Ont., company's 1,415,200 shares of stock for an average price of $19.50 per share. The agreement, struck with Color Your World's majority stockholders, was expected to be finalized sometime this month, according to John Wilson, Color Tile's president.

"We've been touching base with Color Your World for some time and it's always been our intention to go into Canada with stores," Wilson told *NHCN*.

Color Tile is getting a chain that operates 128 retail outlets in Canada and 22 stores known as "Peerless" in the Pittsburgh, Pa., market. It also has three paint and wallpaper manufacturing plants, and last year did about $49 million in sales, of which 45% were from paint products and 45% from wallpaper.

Color Your World's stores average 4,500 sq. ft., according to company executive Paul Strongman, compared with Color Tile's units which run from 5,000 sq. ft. to 6,000 sq. ft.

Their physical size is similar, but the two companies' product mixes vary. Color Your World stocks from 500 to 600 paint and wallpaper products, whereas Color Tile specializes in five basic product groups: resilient flooring (which produced 33% of the $241 million in sales in its last fiscal year); ceramic tile (30%); installation materials and tools (21%); paint and wallpaper accessories (9%) and wood, mirror and metal tiles (6%).

All told, its stores inventory 2,200 sku's, of which 900 to

(Continued on page 4)

Payless opens new Furrow units; expands kitchen & bath offering

By Phillip M. Perry
NHCN associate editor

CINCINNATI—When Payless Cashways held simultaneous grand openings for its three new Furrow stores in this city last month, the public saw kitchen and bath displays that were larger and more attractive than any in the chain's history.

"On items such as bathroom vanities, it used to be a matter of who-can-out-low-who," said Brad Bright, the company's director of display merchandising, in explaining the reasons for the change in the departments.

"People don't want that kind of approach any more. It may be a matter of higher interest rates causing people to live in their houses longer, but in recent times there has been a marked increase in demand for quality merchandise" in these departments, he added.

Kitchen displays covering 1,000 sq. ft., and bathroom and decorative plumbing displays covering 2,472 sq. ft., have been installed in each of the new stores which have 30,000 sq. ft. of showroom.

The departments are considerably larger than those in older Payless stores, not only so that a greater variety of higher quality items can be displayed, but also so that they can be assembled in what Bright called "more glamorous settings, in coordinated ensembles," rather than the straight runs common to older Payless stores.

Bright added that the need for larger and more glamorous settings went hand-in-hand with the need to present higher quality, more expensive, styles of merchandise.

"Products in these departments have an ego value to the customer," he said. "When you display a $400 vanity and a $90 faucet, you have to romance the customer.

"If a guy is going to tear up his bathroom [to install another

(Continued on page 61)

Home resales top 3M mark for first time since November '80

NATIONAL REPORT—Home resales topped the 3 million mark in March for the first time since November 1980 according to the National Assn. of Realtors.

At a seasonally adjusted annual rate, home resales rose by 4.1% over February's figures to 3.03 million units.

"The fact that existing home sales markets are continuing to strengthen in spite of the uptick in mortgage interest rates underscores the strong desire for homeownership through the country," said Jack Carlson, an executive and chief economist with the association.

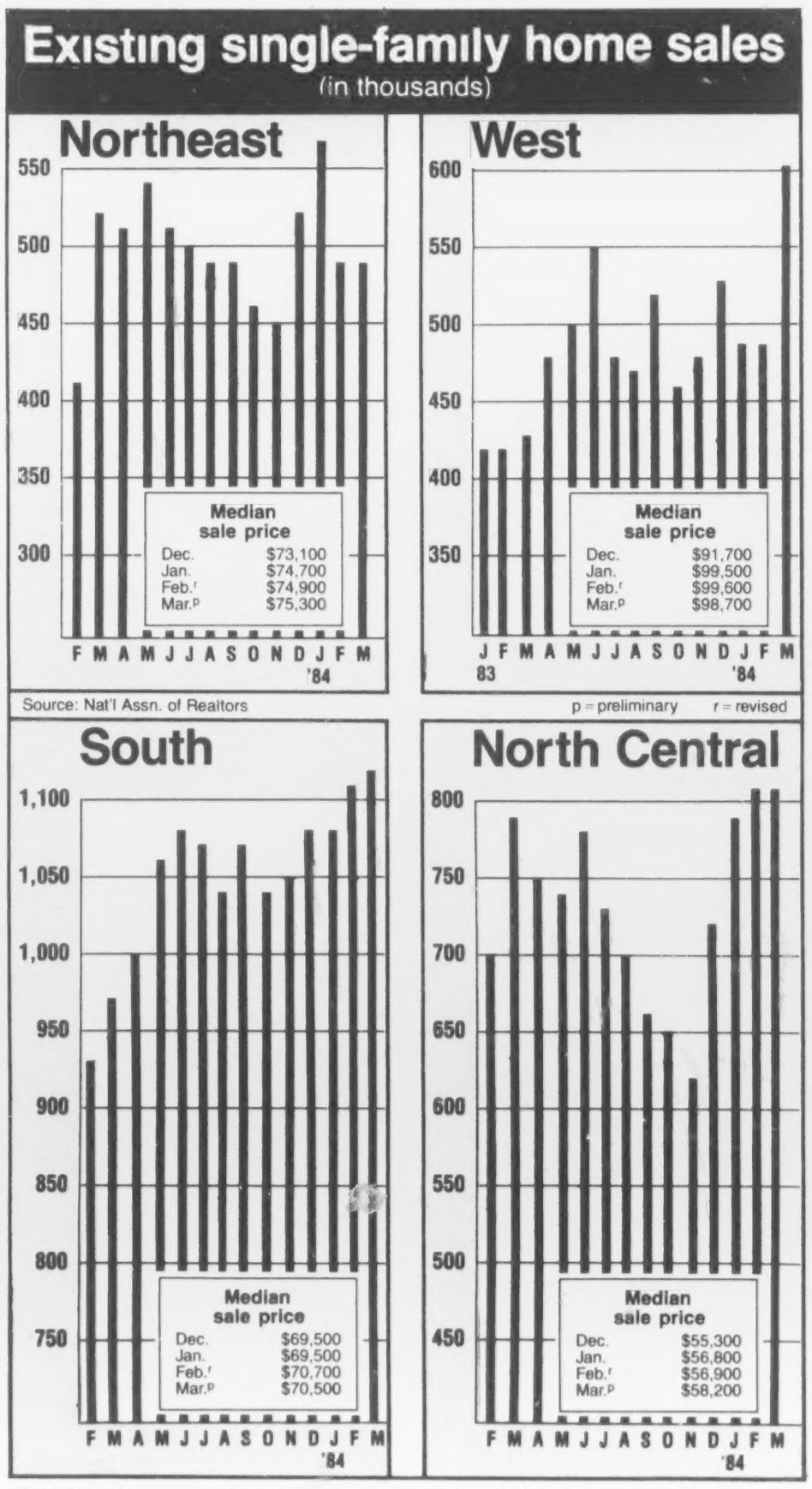
March interest rates for a fixed-rate mortgage rose from 13% in February to 13.75% and for adjustable-rate mortgages from 11% to 11.75%.

The greatest increase in single family home resales took place in the West, which was up 22.4% over February to 600,000 units (seasonally adjusted). The South recorded a rise of 0.9% to 1.12 million units, seasonally adjusted. Both the Northeast and North Central regions remained the same with 490,000 and 810,000 units respectively.

Carlson doubted that this high level of resale activity could last and predicted 1984 existing-home sales would total 2.97 million units and decline still further to 2.5 million in 1985 as interest rates continue to rise.

March also showed an increase in the number of homes available for sale, according to the association. There were 2.74 million units on the market compared with 2.44 million in February.

The median sales price for a single-family home rose by $600 over the last February to $72,-400. This was 5.1% higher than in March last year.



Existing home sales in March reached 3.03 million, seasonally adjusted, the highest since 1980, according to the National Association of Realtors. The West was up 22.4% over February's figures to 600,000 units and the South continued to increase to 1.12 million units. The median sales price for a single-family home rose by $600 over February.

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Boise Cascade	3/31-1st qtr.	$ 948,180	$ 770,980	23	$27,880	$11,130	150
Color Tile	3/31-3rd qtr.	79,065	63,718	24	3,875	3,538	10
Forest City	1/31-4th qtr.	83,498	82,862	1	– 629	2,264	—
	1/31-Year	331,702	338,768	– 2	4,179	6,391	– 35
National Lumber	3/31-1st qtr.	28,937	24,312	19	328	175	88
Scotty's	3/31-5 wks.	49,607	39,331	26	—	—	—
	3/31-3rd qtr.	114,775	95,897	20	5,741	3,373	70

*$ in thousands

Source: Company reports

STOCK PRICES

		As of 4/30	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)		40¾	47⅜	34½	16
Edison Bros. Stores (NYSE) [Handyman, Homer's]		38¾	46¾	35¾	9
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]		5¾	19½	4⅞	—
Forest City (AMEX)	A	16	20⅛	11½	12
	B	—	20½	13	—
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]		41⅛	50⅜	38⅜	12
Home Depot (NYSE)		19½	31¾	14	48
Lowe's (NYSE)		19⅜	32¾	17⅝	14
Michigan General (AMEX) [Diamond Lumber]		5⅞	14	5⅝	16
Pay 'N Pak (NYSE)		14¾	24	12¾	13
Payless Cashways (NYSE) [Furrow]		15⅞	34½	15	13
Scotty's (NYSE)		14⅛	20	13⅛	11
Southwest Forest Industries (NYSE) [Dunlap's, Knox Lumber]		21¾	22½	12⅛	—
Standard Brands Paint (NYSE)		18½	28¾	18	11

Nasdaq—over-the-counter stocks

		As of 4/30	52-week High	52-week Low	P/E Ratio
Color Tile		15⅛	25⅛	13⅝	—
Hechinger	A	14¾	24¼	14	—
	B	15	26	14	—
Pay 'n Save		18¼	29¼	17	—

Over-the-counter stocks

	As of 4/30 Bid	As of 4/30 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber	19	—	25¼	16
Hines Lumber	34	35	41½	23½
Home Centers of America [units]	18	—	51½	13¼
Homecrafters Warehouse	13¼	13½	17½	12½
National Lumber	6½	7	13¼	5¾
Scotts Seaboard [Scott's]	3	3¼	5	1
Wolohan Lumber	4⅜	4⅝	10⅛	4⅜

FINANCIAL NEWS

Boise posts 150% gain in first quarter net income

BOISE, Idaho—Boise Cascade reported a 150% increase in net income to $27.9 million during the first quarter of the year, officials reported.

The increased profitability was helped by a 23% gain in first-quarter volume from a year ago to $948.2 million.

Boise Cascade chairman and ceo John B. Fery said the positive results came primarily from improved markets for the company's paper products.

While officials said the building materials distribution division, which includes 85 home centers, performed well in part because of the remodeling and remerchandising that has taken place in various stores over the past several years and because of improving markets for new home construction, generally Boise Cascade's wood products business did not contribute to the financial growth.

The building products segment, which includes wood products manufacturing and building materials distribution, showed an $884,000 loss compared to last year's $2.6 million loss, on sales of $312.8 million, up 24% from last year, for the quarter. Officials blamed the results on low wood product prices caused by a continuation of excess production relative to demand.

While Fery expects the improving trend in building materials distribution to continue, prospects for wood products in general are still uncertain. Any improvements will depend in part on better prices, continued strong home building activity and interest rates, officials noted.

Scotty's redemption increases company's net worth to $135M

WINTER HAVEN, Fla.—Virtually all of Scotty's 9¾% convertible debentures called for redemption as of April 1 were converted into Scotty's common stock for $11.73 per share, according to chairman and ceo James W. Sweet.

The conversion increased the company's total net worth to more than $135 million while reducing long-term debt to about $18 million, he said. There was no further dilution in earnings per share as a result of the conversion. Scotty's stock was selling at $13.75 per share as of March 30.

The 108-store chain originally issued the $15 million in debentures on March 1, 1981 to help finance expansion.

National opens first store in two years, net income rises 88%

SANTA ANA, Calif.—A new store and the continuing effects of a price-leader marketing strategy helped 13-store National Lumber boost its earnings and profits during the first quarter ended March 31, officials announced.

National posted an 88% gain in net income to $327,650 on a 19% increase in revenues to $28,936,859 compared to last year's initial quarter. Gross profit also rose 16% and ended the period at 27.8%, officials said.

More units

The company opened its first store in almost two years in February in Culver City, Calif. to contribute to its growth. Officials said additional store sites are being secured in San Bernardino and San Diego Counties and negotiations are in the final stages for a unit in Westminster, Calif.

GOOD VALUE.

JX-7® wood windows and patio doors give you name brand quality at significantly lower cost. That's good value and good business. You can sell JX-7 styling and energy efficiency and take a higher profit margin. Or, you can pass the cost savings on and use the lower prices to be more competitive and increase your volume. And JX-7 products are nationally distributed but regionally produced so you can be sure of continued availability and fast delivery, even in boom times.

GOOD BUSINESS.

Call David Lindgren
at 614/397-3403
or write JELD-WEN, INC.,
Mount Vernon, OH 43050
for more information
on our merchandising programs
and the full line
of JX-7 products.

WENCO JX-7®
WOOD WINDOWS AND PATIO DOORS

MANUFACTURERS and SHIPPERS!

A SINGLE SOURCE FOR:

- Wood Lath
- Pine Boards
- Furring Strips/1x2—1x3—2x2
- Pressure Treated Landscape Timbers
- Cedar Shingles/Shims
- Pre-Fabricated Wood Fencing
- Cypress Mulch
- Snow Fence/Corn Cribbing
- Pine Bark Nuggets

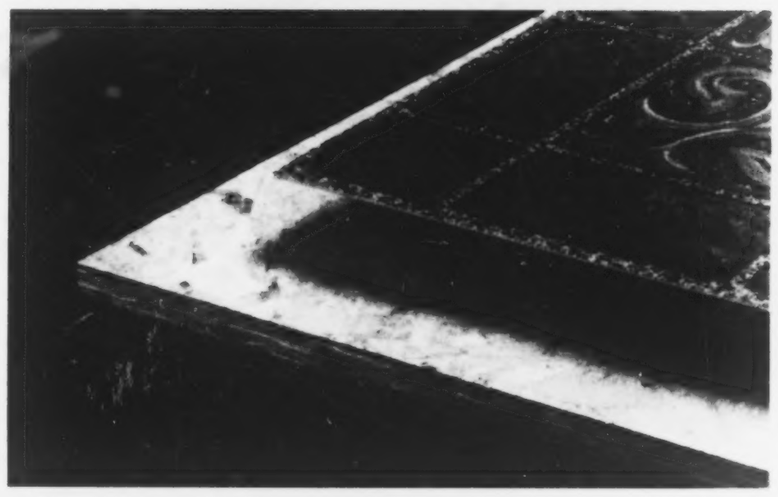
Mixed and Pool Trucks Available

FOUR SALES OFFICES
For Immediate Service Call
313-626-2322

MID-AMERICA

MID AMERICA
P.O. Box 2973
Farmington Hills, Mich.
48018

Together, at last



Finally, an underlayment free of core voids, splinters, patches. Sure to please you and your customers is Blandex's® new ¼" underlayment panel. Smooth and consistent, Blandex® waferboard is sanded to a thickness of .250 inch ±.005 tolerance.

Blandex® is the ideal underlayment panel because it has less linear expansion than other comparable underlayment panels.

Limited warranty, too.
Won't warp, buckle, or delaminate. Won't split or crack when nailing or stapling.

Ah-hhh. Trouble-free floors
and Blandex® underlayment.
Together, at last.

(Contains no urea formaldehyde.)

TECO stamped
FHA/HUD

BLANDEX building products

Blandin Wood Products Company
502 County Road 63
Grand Rapids, MN 55744
(218)327-6333

BLANDEX

LUMBER REPORT

Election year interest rate outlook bodes well for vibrant lumber biz

By Hawk Furman
Special to NHCN

The lumber market should remain vibrant throughout 1984 if, as President Reagan told a panel of housing industry representatives recently, "Before the warm weather has left us, we are going to see some settling down of interest rates."

There are many factors pointing to continued high volume sales of lumber and panelboard products in 1984.

'A majority of retailers have learned from the past and are keeping inventories in line with current business expectations. They do not see a shortage of lumber, so they are not about to panic.'
—Hawk Furman

March-April sales slide

The slide in volume and prices of lumber in March and April was a direct result of unfavorable weather. Even though interest rates increased, there was a great deal of work committed but the shipments were postponed to the job sites because of snow, rain and mud. Additionally, the March and April slack followed an unusually brisk January and February sales period.

Current demand

Demand for housing remains excellent as "baby boomers" continue to seek out their first home. In 1983, first time home buyers accounted for purchases of 48% of all single family homes. There is more buying up to larger homes this year from starter homes. Private industrial and commercial business is picking up along with Government work.

Builders are optimistic as a survey by the National Assn. of Home Builders in February showed that they expect a 28% increase in housing starts over 1983. This represents starts of 2,176,000.

Remodeling activity continues to be strong. According to Data Resource, remodeling, repairs and renovations is a $54 billion business. The National Forest Products Assn., The Western Wood Products Assn., The Southern Forest Products Assn. and other associations are vigorously promoting wood in an effort to increase consumption. The WWPA program hopes to increase wood consumption by 2.5 billion ft. by promoting wood decks, all-weather wood foundations, wood fences, wood floors and other projects with wood.

Financing

Will there be enough money to meet the mortgage demand?

A weird phenomenon is occuring. Interest rates are rising but the availability of money is seemingly endless. Adjustable rate mortgages currently account for 60% of all mortgages written. According to Salomon Brothers, 24 million families qualify at 13¼% fixed rate mortgages and 31 million families qualify at 11% adjustable rate mortgages.

Mortgage backed securities increased $89 billion in 1983, up 65%. It appears that Congress will act to help in this area. The Secondary Mortgage Enhancement Act is designed to remove obstacles to trading and investing in securities backed by mortgages. Adequate financing for home buyers should be available during this Presidential election year.

Supply

There is a lot of wood. Production is approaching the peak years of the late 1970's. Mill inventories in the United States Pacific Northwest are 12% higher than last year at this time. Production in the United States Pacific Northwest is at 101% of normal—normal being

(Continued on page 50)

FUTURES

Two weeks ended April 26, 1984

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
May '84	163.80	152.00	152.30	161.90	2,542	245.50	152.00
July	178.40	167.30	167.90	176.40	3,450	252.50	167.30
Sept.	182.90	173.60	173.60	181.20	1,358	236.00	173.60
Nov.	181.00	171.30	172.40	179.70	1,246	229.00	171.30
Jan. '85	188.00	179.20	180.90	187.30	262	221.30	179.20
March	193.00	185.50	185.50	191.50	108	220.40	185.50
May	197.00	190.00	190.00	196.50	138	225.00	190.00

Total Contract Vol. (Through 4/26): 28,525 — **Previous Two Weeks: —**
Total Open Interest (As of 4/26): 9,136 — **Previous Week: 9,439**
Cash Price: $156.80 — **Previous Week: $158.76** — **Year Ago: $187.18**

PLYWOOD (CBT)—76,032 sq. ft. ½-in. ext. 4/5-ply; $ per 1,000 sq. ft.							
May '84	184.00	176.50	177.00	184.00	118	208.50	176.50
July	188.70	181.50	182.00	188.00	78	210.00	181.50
Sept.	190.50	186.50	186.50	191.00	11	212.50	186.50

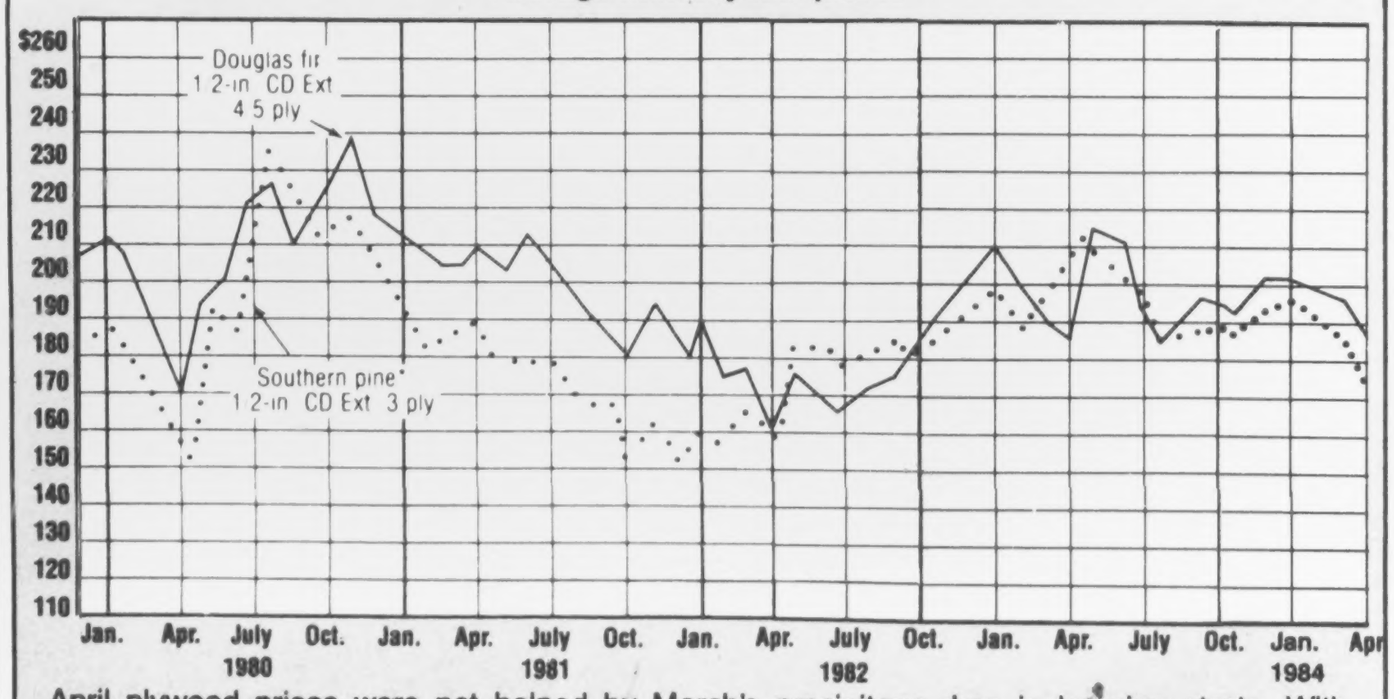
Total Contract Vol. (Through 4/26): 195 — **Previous Two Weeks: —**
Total Open Interest (As of 4/26): 207 — **Previous Week: 212**
Cash Price: $184.24 — **Previous Week: $187.18** — **Year Ago: $184.24**

COMMODITY RESEARCH BUREAU INDEX:	This Week	Previous Week	Year Ago
	276.2	276.1	245.7

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, April 26.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Western & Southern Plywood

Average monthly mill prices



April plywood prices were not helped by March's precipitous drop in housing starts. With production up, the poor housing start showing seemed to dampen buying, which softened prices. Douglas fir ½-in. CD Ext. 4-5 ply sold for $188 per thousand square feet at the end of April compared with $198 a month earlier.

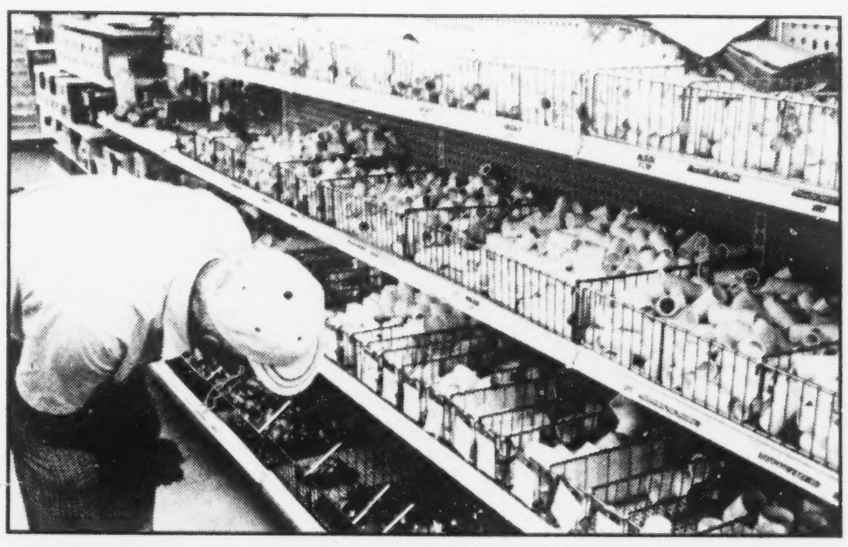
Source: *Random Lengths*

Plumbing, heating & cooling supplement—pp. 23-50

0000053C HC
CONGRESSIONAL INFO INC
4520 EAST-WEST HWY/STE 80 J5
WASHINGTON DC 20014

National
Home Center News ®

Vol. 10, No. 12 The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. June 4, 1984



While sales and margins on traditional plumbing, heating & cooling items, such as pipe fittings, remain stable, some dealers are testing products like air-conditioners, furnaces and tankless water heaters to see if a strong department can be made even stronger. But jury is out on whether DIYers will turn to home centers for the new items. See page 23.

W. R. Grace discloses plan for warehouse store chain

By Kenneth Schept
NHCN executive editor

BALTIMORE—W. R. Grace intends to launch a new chain of warehouse home centers, with the first stores perhaps rolled out this fall in the Sunbelt.

"We're looking at four or five locations," said Carl Graf, Grace president and coo.

"The plans are under way at this point and we have an aggressive search on for real estate," said Edward Tutun, Grace executive vice president and group executive of its retail group. "Once we have the real estate we're probably talking four months before we open."

News of the new warehouse venture came in response to questions at a press conference following the $6.2 billion conglomerate's annual meeting here last month.

Grace currently runs seven home center chains that collectively produced sales of $974 million last year, according to *NHCN* estimates. Of the roughly 290 home center stores operated nationally as Angels, Cashways, Channel, Orchard Supply, Handy City, Handy Dan and House Works, all but the seven House Works are basically convenience stores that, at 30,000 to 50,000 sq. ft., are moderate in size by today's standards.

"Our plan is to get something that is larger in size than our present House Works operation," said Tutun.

So far Grace is developing this idea internally, at the corporate level. However, since the company entered the home center industry in 1977, all of its chains but House Works have been gained through acquisition.

And Tutun acknowledged, "If an opportunistic acquisition comes along, we'll consider that as well."

The conglomerate was reportedly first nudged into the warehouse home center business by its chairman J. Peter Grace when he suggested such a move last January during the business plan presentation of the retail division.

The corporation's interest in

(Continued on page 70)

Home center sales shine thru rainy 1st qtr.

***NHCN* staff roundup**

NATIONAL REPORT—Despite unusually wet midwinter weather conditions in the East and Midwest and a continuing dry spell in the Southwest and California, retailers around the country are reporting average first quarter sales increases of roughly 25% over the same period last year.

Although the Eastern Seaboard and parts of the Midwest experienced considerably more rain and snow than normal, home center operators in these parts of the country say business was good through April.

Stores in California especially welcomed their warm, drought-like weather over last year's winter in which torrential rains swept much of that state's southern sections.

Retailers also attributed the increases to a continued strong economy that has boosted consumer remodeling sales and spurred contractor development. New home construction in fact, has risen to 1.9 million annually adjusted housing starts in the first three months of 1984, up 19% over last year in the same period. Also, increased competition in a number of markets has caused chains to sharpen their advertising and merchandising which in turn has encouraged sales.

Even though business has picked up this spring, many of

(Continued on page 70)

Cashways opens only 2nd unit in 4 yrs.

Grace, local economy stymie further growth

By John Caulfield
NHCN senior editor

EL PASO, Tex.—Last month, a new 65,000-sq.-ft. Cashway Building Centers unit was opened in San Angelo, Tex., only the second store to be added to this 13-store chain since it was acquired by W. R. Grace in July 1980.

With the fourth anniversary of that $50 million purchase drawing near, it appears that Grace's initially ambitious expansion plans for Cashway have stalled. The parent company has shuttered Cashway's marginally profitable contractor division and is reportedly looking at new retail sites in Salt Lake City and Albuquerque. But its goal of having 27 Cashway units by 1986 has been scuttled.

A weak border economy, the 1980-82 collapse of the housing market which severely impacted contractor sales, the lack of adequate new areas to move into, and a change in corporate priorities as a result of Grace's consolidating its west-

(Continued on page 69)

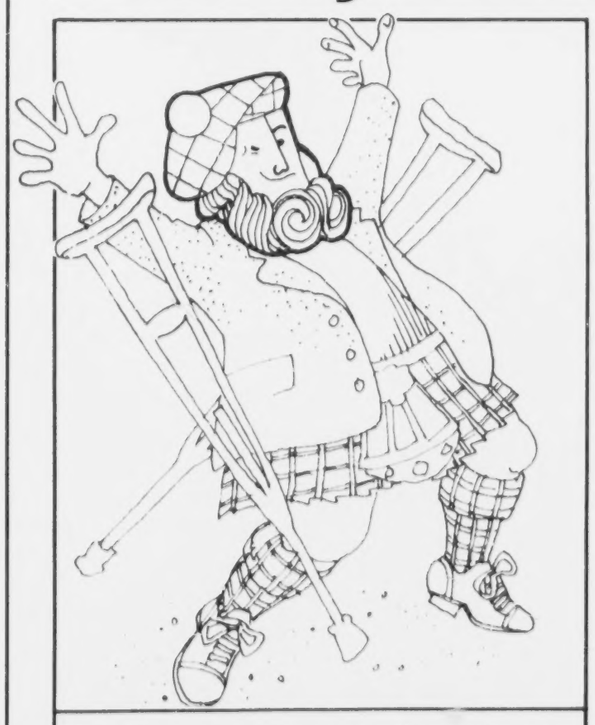
NEWSBREAKS

BIG PAYLESS UNITS OPEN. Payless Cashways just opened its largest stores to date, in Mesa, Ariz., and Visalia, Calif. Each has 37,500 sq. ft. of showroom in a 45,000-sq.-ft. building. An even larger building, 65,000 sq. ft., is planned for August in southeast Dallas.

INSIDE:

M.L. CLASTER & SONS is relying less on its distribution center in an effort to prevent stock shortages ..... **Page 2**
THE GEO. WORTHINGTON CO. has ambitious plans to sell products to schools, offices & other commercial accounts ... 3
GROSSMAN'S NEW PRINT ADS show attention to camera-eye detail & three-dimensional graphics: Ad & Marketing 55

Scotty's back on its feet as banner year nears end



Last year at this time, Scotty's was reeling from decreased profits and lower gross margins, due in part to stiff competition from The Home Depot. However, for the past year, Scotty's posted solid bottom line gains.

Many factors contribute to financial turnaround

By Greg Puchalski
NHCN senior editor

WINTER HAVEN, Fla.—When Scotty's officials close their books for fiscal 1984 later this month, all indications are that the 109-store company will have registered a banner year.

Through the first nine months of the fiscal year, Scotty's net income was up 71% from a year ago to $12.2 million or almost $1 million better than it recorded in all of fiscal 1983. Gross margins were up by better than a percentage point in the period and were showing signs of continued improvement.

However, last year at this time, the picture was much different.

Scotty's was reeling from its head-to-head battle with The Home Depot in Orlando. The two new Home Depots were displaying Scotty's fall catalog and offering 20% off the catalog's prices. Scotty's in turn countered by reducing gross margins about 3% at its nine Orlando area units, distributing a weekly insert there and having extra promotions.

As a result of this and other factors, in last year's third quarter, the first quarter of the 1983 calendar year, the chain found its net income down 17% and gross margins off almost three percentage points on a year-to-year basis.

And, ahead was another confrontation with The Home Depot in the Tampa area where Scotty's has eight stores.

However, for the last year, Scotty's has posted nothing but solid bottom-line increases. The company showed a 20% gain in profits in its final fiscal quarter of 1983 and through its first three quarters of fiscal 1984, Scotty's has recorded no worse than a 53% net income increase each quarter.

The reasons for the turnaround emanate both from inside and outside the company.

Internally, Scotty's has begun to benefit from the addition of some higher-margin stock keeping units, the remerchandising of some of its stores, continued expansion, the opening of its first Scotty's Hardware units, and tight expense control.

Externally, Scotty's has been aided by an easing of competitive pressures from The Home Depot, firmer commodity prices in a growing builder market and the continuing growth of the Florida economy.

Many of the factors are reflected in Scotty's gross margins to which the chain has paid more attention, according to senior vice president and chief financial officer Harold W. Taylor. In its third quarter, margins improved to 31.54% from 30.09% a year ago. Through the first nine months of the fiscal year, margins stood at 31.08%, up from 29.88% in the same period a year ago.

"Margins are up quite a bit and there are a portfolio of reasons for that," said executive vice president Dennis W. Stults. "We've done a lot in

(Continued on page 69)

NHCNews Briefs

Industry Update

Ernst completes first retrofit

LYNNWOOD, Wash.—Ernst Home Centers has completed a $200,000 retrofit of its 35,000-sq.-ft. Alderwood Mall outlet here and is holding a "Grand Reopening" promotion beginning June 9, company officials said.

The three-year-old unit is the first in the 69-unit chain to undergo a total reformatting as part of a new corporate philosophy to emphasize big-ticket project sales (*NHCN*, Feb. 13). Overall, the changes introduce warehouse-type merchandising into stores of moderate size.

Officials of Seattle-based Pay 'n Save, Ernst's parent, said that the chainwide revamp program represents the greatest change at Ernst since its acquisition in 1960. The remodeling and remerchandising process will take 2½ years to complete and cost about $200,000 per unit, or $13.8 million.

"The Alderwood unit is the prototype, but there will be some layout variations depending on the individual store," said Vern Netzer, Pay 'n Save's real estate and construction vp.

The Pay 'n Save home center division headed by Bill Boston, division vp, operates Ernst stores in six Western states and three Von Tobels home improvement units in Las Vegas, Nev., which are not included in the format changes.

The reformatting of Alderwood emphasizes service, with customer information booths located in the front of the store as well as in the plumbing and electrical, paint, lumber and building materials and lawn and garden departments.

In the new store configuration, the main aisles have been widened to give customers easy access to key interior departments. Ernst has eliminated sporting goods.

Inside selling floor innovations include the addition of kitchen vignettes and a new home decorating department emphasizing wall coverings. Alderwood has an expanded assortment of big-ticket items such as tub enclosures, windows, doors and water heaters.

Ernst is opening one store this year, in Spanaway, Wash. New stores slated for 1985 and beyond may be designed with drive-thru lumber departments, Erickson said. He added that the Ernst trend is toward the development of "more warehouse-looking facilities."

Paty remodels Virginia store

PINEY FLATS, Tenn.—The Paty Co. held a grand reopening late last month for its renovated 12,000-sq.-ft. store in Duffield, Va. The remodel was the second for the $31 million chain, which plans to retrofit all six of its stores by the second quarter of next year.

"Our major changes were to install narrower gondolas and a race track aisle," said John Kiss, marketing vp for the company. The store follows a prototype developed for the chain's first remodeling job, at its 18,000-sq.-ft. store in Johnson City, Tenn., last year. (*NHCN*, Aug. 15, 1983).

Total lineal feet of the store's gondolas was increased by some 25% to 30%, by reducing their depth from 2 ft. to 1½ ft. This allowed the company to position more gondolas in the same showroom space.

Paty used the additional gondola space to expand its paint and decorative, kitchen cabinet and floor covering departments.

"These departments offer a natural tie-in with our hard lines, because they represent finish work," said Kiss. "They also are attractive to the female shoppers who are becoming more important to the industry."

Although the retrofit was originally scheduled to be completed last year, it was delayed for a variety of administrative reasons.

National Home Center News

Financial News	7, 68
People	8, 13, 14
Editorial	10
Washington View	10
New Stores	14
Lumber Report	19, 20
Lumber Futures	19
Plumbing, Heating & Cooling Supplement	**23-50**
Advertising & Marketing	**55-65**
Ad Angles	58
Home Center Marketing Strategies	63
Price Point Survey	64
New Products	47, 65

National Home Center News (ISSN 0192-6772) is published biweekly, every other Monday, 25 times a year, beginning with the first Monday in January through the fourth Monday in November, monthly in December; by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Manufacturers, schools, libraries and all others: $20 a year ($21 in Canada). Foreign subscriptions: Airmail only, $100 per year.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 10, No. 12. Copyright © 1984 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 99 Park Ave., New York, N.Y. 10157. For change of address six weeks notice is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 10, No. 12 June 4, 1984

Claster's cuts distribution center reliance to reduce stock shortage

By Phillip M. Perry
NHCN associate editor

BELLEFONTE, Pa.—Motivated partly by a desire to bring about more dependable in-stock positions at its 12 home centers, M. L. Claster & Sons has begun what company officials call a "crash program" to reduce the volume of merchandise passing through its distribution center. The company is now negotiating with trucking companies and vendors for direct delivery of merchandise to stores.

If the company's program proceeds as planned, only 20% of its merchandise, measured on a cost of goods sold basis, will be moving through the distribution center by the end of this year. Last month, the figure was 40%. A year ago it was 70%.

"We are doing this primarily for a merchandising emphasis," said Jay B. Claster, president of the $24 million home center chain. "We want to take the same dollar investment in inventory that we have been stocking in our warehouse, and put that merchandise into the stores."

In order to facilitate the move, the replenishment function has been shifted from headquarters to the individual stores for merchandise now bypassing the distribution center.

Because the move will bring about deeper stocking at stores, Claster said it will help the company avoid the lost sales and customer frustration that result when stores run out of merchandise.

As a result of the change, Claster's expects to save about 9% of overhead costs that have been incurred, not only for equipment such as forklifts and trailers at the warehouse, but also for the personnel stocking and repicking from the warehouse.

However, the company also expects that its average cost of goods sold will rise by some 7% as a result of the new purchasing system. In dollar amounts, the increased costs of goods sold should about equal the overhead savings, officials predict.

The move by Claster's is coming at a time when truck deregulation, with a resulting decline in shipping costs, has made home center chains less dependent on the rail system, use of which had in the past necessitated moving merchandise

(Continued on page 4)

Housing starts rebound in April after March's foul weather slide

WASHINGTON—Housing starts in April rebounded to a seasonally adjusted rate of 1.96 million units—a 19.3% increase over March's depressed figures, which resulted from bad weather.

Total housing starts soared in spite of a rise in interest rates to 14.11% for fixed rate mortgages, marking the first time in six months that rates have risen above the critical 14% level where consumers usually drop out of the housing market.

The immediate impact on housing has been lessened by adjustable rate mortgages (ARMs), which continue to offer loans at 2% to 2½ percentage points, below the fixed rate loans.

Dean Crist, economist with the National Assn. of Home Builders, saw April as "a period of anticipatory building ready for the spring and summer buying season before interest rates go up." He said that April could well represent a peak in housing starts, with a decline setting in as interest rates rise. Within two months, interest rates on fixed rate loans could be up to 15% with ARM's rising from their present 11.9% to 12.5%, he felt.

Still, for 1984 housing starts could average around the 1.8 million mark.

Volume up

Single-family housing starts rose by 7.3% in April to 1.15 million units, seasonally adjusted. However, being more sensitive to rising interest rates than multifamily units, it is the first time in eight months that single-family starts fell below 60% of all housing.

Single family starts were only 1.5% up from last year's April figure of 1.06 million units, whereas total housing

(Continued on page 70)

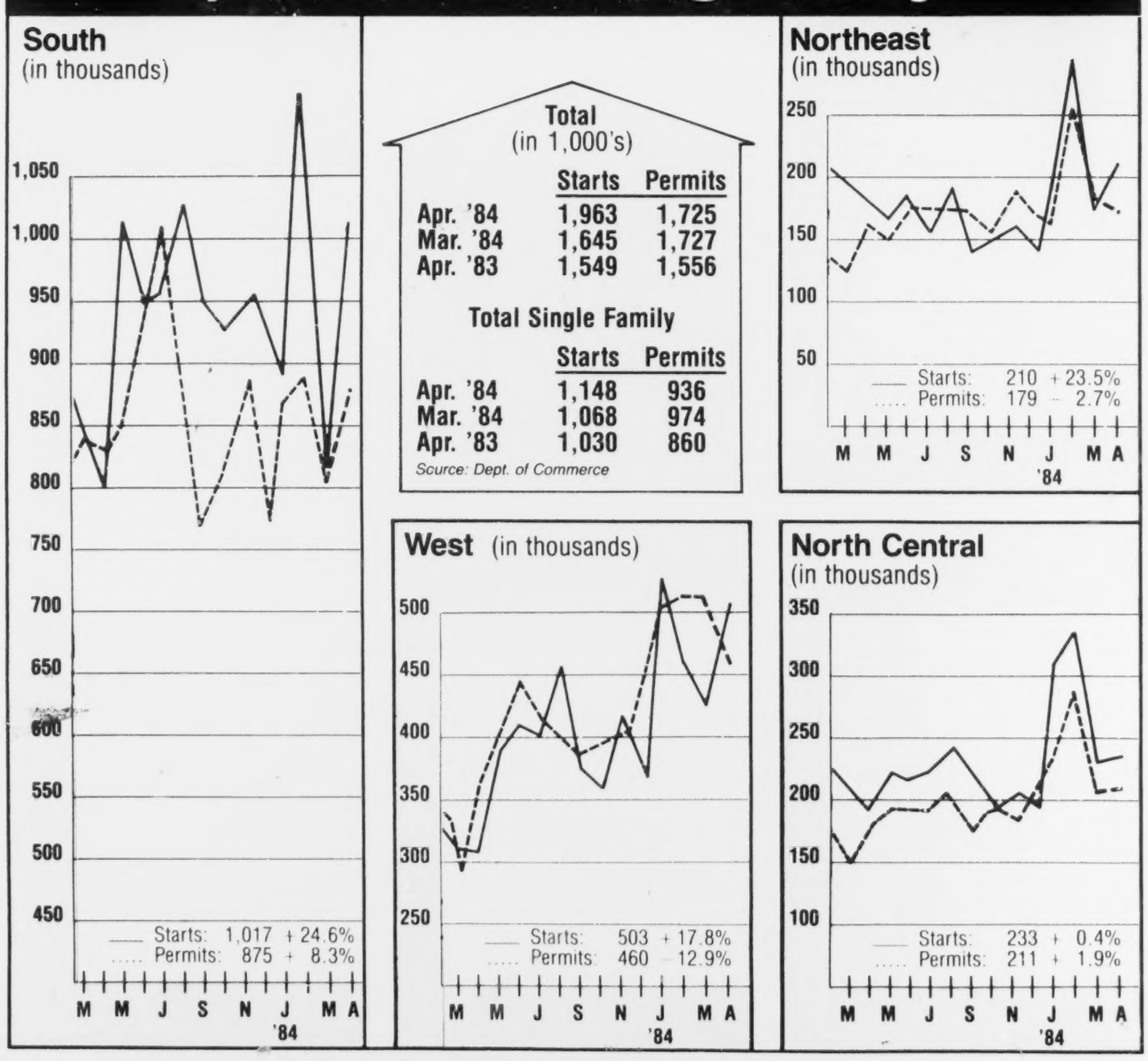
NAHB predicts drop in '84 housing activity for Sunbelt markets

WASHINGTON—While the Sunbelt is expected to again produce a strong housing picture this year, certain markets there will see declines in starts, according to the latest quarterly report by the National Assn. of Home Builders.

The association predicts a decline of 25% from 1983 housing starts for the Dallas-Fort

(Continued on page 70)

April home-building activity



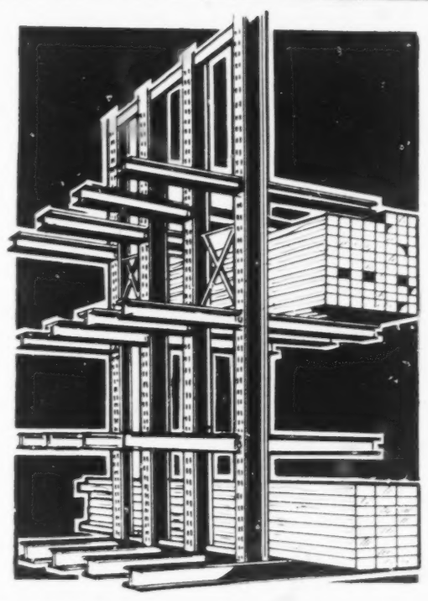
April's housing starts rebounded to a seasonally adjusted rate of 1.96 million units, a 19.3% improvement over March, due in part to better weather. The South remained very strong with 1.01 million units, up 24.6% from the previous month. Total building permits, an indicator of future building activity, increased by 8.3% over March although single family permits fell by 3.9%.

BEST COPY AVAILABLE

THE BIG SPACE SAVER!

CANTILEVER STORAGE SYSTEM

Model CSS



Is a multi level, high storage, high cube specialty steel rack, designed to handle hundreds of different types and sizes of products with freedom from upright column interference easier product removal and replacement. Weight capacity up to 24,000 lbs. Custom roof design available to meet size requirements.

OTHER STORE FIXTURES AVAILABLE TO DISPLAY ALL TYPES OF BUILDING MATERIALS

- HALF A-FRAMES
- FULL A-FRAMES
- WALL RACKS
- DOOR RACKS
- PANEL RACKS
- SHEET GOODS RACKS
- WAREHOUSE RACKS
- MEZZANINES

NATIONAL STORE FIXTURES, INC.

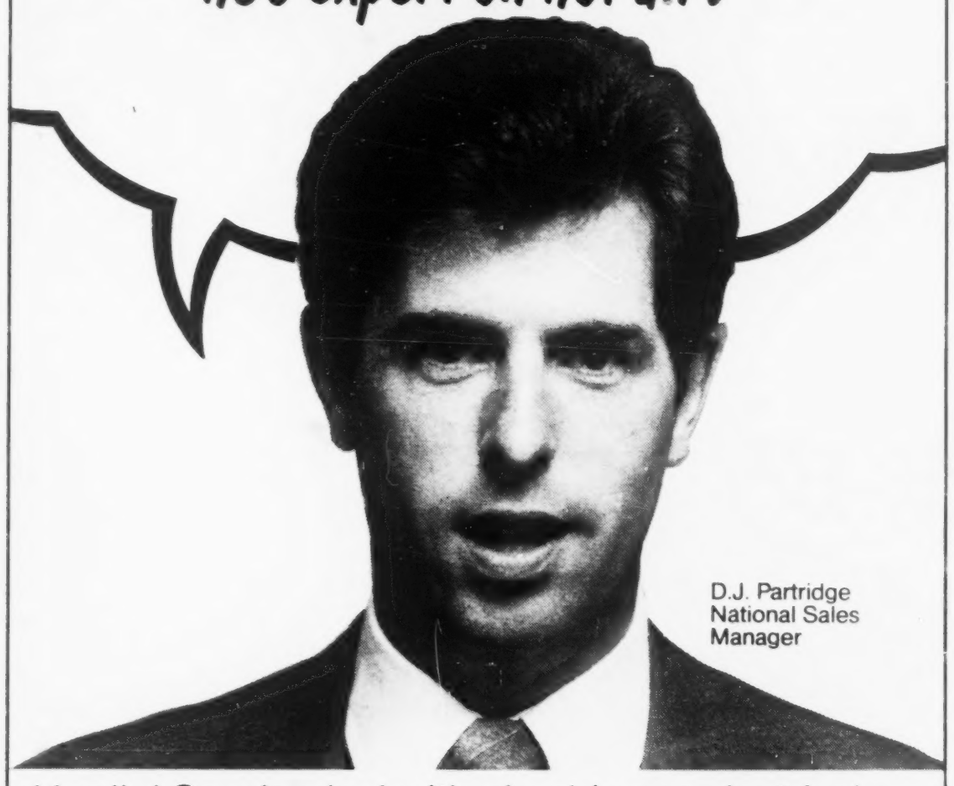
P.O. BOX 1811, SILVER SPRING, MD. 20902

800-638-7941

In Maryland (301) 946-8860

"So why should we buy floor protection products from Shepherd Pat?"

Would you take balloon flying lessons from a politician because he's expert on hot air?



D.J. Partridge
National Sales Manager

Hardly! So why deal with plumbing or electrical manufacturers (with a zillion other products to sell) when you can deal with the specialists in floor protection products.

shepherd

If you already carry Shepherd casters it makes good sense to carry the complete line.

Shepherd Products U.S. Inc., 203 Kerth Street, St. Joseph, Michigan. 49085 Phone (616) 983-7351, Watts (800) 253-0868, Telex 729-426

Shepherd Products Limited, 8016 Kennedy Road, Markham, Ontario L3R 2E4 Phone (416) 475-6454

Grace plans warehouse chain

(Continued from page 1)

warehouse retailing was already apparent in the October 1983 purchase of a 50% interest in Chicago's Warehouse Club, a membership mass merchandiser like Price Club.

When it came to home centers, however, Tutun was reportedly less enthusiastic and initially thought the company should focus its attention on existing operations. Ultimately, he apparently backed Peter Grace's proposal and Bernard Kossar, senior vp of the retail division, was designated to develop a new warehouse home center chain.

Reportedly, Peter Grace's interest in warehouse home centers was also instrumental in the creation of House Works, which was launched in March 1983 to gain a better position in a maturing industry where units of 70,000 to 100,000 sq. ft. seemed to be the format of the future.

W. R. Grace's development of a new warehouse chain may not affect the growth of House Works—with five stores in New Orleans and two around Sarasota, Fla.—because the company regards House Works more as a super store than a warehouse.

House Works evolved from Handy Dan and Handy City, its sister stores in Grace's central region, in an effort to make more productive use of a store's cubic space.

The process has gone full circle as last year about 25 Handy City and Handy Dans were retrofitted with House Works' merchandising. "Another 27 are on the boards this year," according to Daryl Lansdale, president of Grace's central region.

"We recognize Handy Dan and Handy City as traditional home centers," Lansdale told *NHCN* during an interview in his San Antonio office about a week prior to the Grace warehouse announcement. "But it doesn't mean I can't open a House Works somewhere in some market and put a Handy Dan or Handy City name on it and have it be a great store.

"I have what you could classify as a House Works in Beaumont, Tex., but it has a Handy Dan name on it," he continued. "And I have plans for some of those in what you might call flagship stores in major markets that I'm in already."

Edward Tutun, Grace executive vp in charge of the retail division, prior to annual meeting last month where he was elected to the board of directors. During the press conference that followed, Tutun and others revealed Grace's warehouse store plans. NHCN photo

Corrections

Due to a typographical error, a story on page 2 of the May 21 *NHCN* indicated that creditors of Wickes Cos. would receive as much as $500 million if the company were totally liquidated. In fact, if the company were liquidated under Chapter 7, creditors would receive $400 million to $500 million *less* than they are slated to get under Chapter 11 reorganization proceedings, Wickes company officials said.

Due to incorrect information provided by company officials, 1983 sales for American Hardware Supply were incorrectly stated in the May 7 article on buying groups. American's volume for the fiscal year ended June 1983 was $488.2 million, a 10.9% increase over fiscal 1982. Its sales for the 12-month period ended in December 1983 were up 13% to $515.6 million.

The chart with that story inadvertently omitted data for Allied Building Stores in Monroe, La. This dealer-owned co-op did $137.6 million last year, a 28.5% gain over 1982. It has 150 affiliated members (of which about 15 are home centers) and 80% of its volume comes from lumber and building materials sales. Allied ranks eighth among buying groups in volume.

When American Hardware and Allied Building Stores are calculated into the total, buying groups did $5.243 billion in 1983, a 9.5% jump over 1982. Total dealers equaled 25,419.

Tutun, Daniels are named to seats on Grace board

BALTIMORE—Edward Tutun, who heads W. R. Grace's retail division, which oversees the home center operations, was elected to Grace's board of directors during the company's annual meeting here last month.

He was named as part of a program in which top Grace executives serve as directors on a rotating basis. Terrence Daniels, who leads the conglomerate's general development group, also attained a board seat as part of the rotation.

Daniels, 41, was one of the top Grace executives involved with the acquisition of Handy City in 1977, the conglomerate's first foray into the home center industry.

Daniels left Grace in 1977 for Mattel Inc., where he ultimately served as chairman and president of a subsidiary, Western Publishing, before returning to Grace in 1982. He was also chairman of Hal's, the Milwaukee home center launched in 1982 by several former Grace executives.

Tutun, 60, became a Grace executive vice president and group executive of the retail group in January 1983, following the retirement of Robert Anderson. He had previously been a Grace senior vp and second in command of the retail group, which operates more than 500 stores in several businesses. Tutun joined Grace in 1958.

Also elected to Grace's board of directors was Dr. James Frick, 59, assistant to the president of Notre Dame and formerly the university's public relations vice president. There are 30 members of Grace's board.

Claster reduces reliance on its distribution center

(Continued from page 2)

through a distribution center positioned along a rail spur.

At the same time, more vendors than ever before are willing to sell merchandise at quantities usable by individual stores.

"Today, we can get most of what we want by truck," said Wayne Mason, purchasing agent for the company. Trucks can deliver merchandise directly to the stores, making the warehouse largely unnecessary.

Mason added that the distribution center will always be needed to a limited extent, to handle merchandise that either cannot be purchased in quantities that stores can handle, or cannot be stocked suitably at individual stores.

"For example, our stores are not large enough to handle the necessary backup stock of kitchen cabinets," said Mason.

Another factor that contributed to the decision to ship directly to stores, was the delapidated nature, and poor positioning, of the warehouse itself.

"The building is really an old manufacturing plant, with a number of rooms and two floors, that we had turned into a warehouse," said Claster, noting that the configuration was inefficient.

Because of the structural nature of the building, converting it into an efficient distribution center would be impossible.

Additionally, expansion of the building—a necessary step if it were to serve Claster's growth—is impossible because it is surrounded on all sides by either roads or streams.

Mason said that, so far, it has "not been so difficult finding alternate sources" for merchandise.

"The one fear that we have is the availability of trucking," he said. "We did run into some problems this spring."

FINANCIAL NEWS

Payless net declines 24%, sales up 33% in 1st qtr.

KANSAS CITY, Mo.—Lower gross margins and higher interest expense resulted in a 24% decline in net income to $2.6 million at Payless Cashways during its first quarter ended Feb 25, president and ceo David Stanley said in a quarterly report to shareholders.

The earnings drop came despite a 33% gain in net sales and other income to $197.8 million in the period. First-quarter results of 1983 were restated to reflect the pooling-of-interests acquisition of Prime Home Improvement Centers, formerly Hugh M. Woods, Denver, in January.

Gross margins slipped in the quarter to 31.9% from the year-ago 33% level.

"The unusually high 1983 first-quarter margins were due, in part, to favorable commodity purchases in the early part of 1983, which were not repeated in the first quarter of 1984," Stanley said.

First-quarter interest expense also rose from $1.1 million in last year's first quarter to $2.8 million this year, he pointed out.

On a brighter note, he said that the 135-store company recorded lower operating costs as a percentage of sales in the quarter, reflecting the chain's efforts to improve the ratio during 1984. Selling, administrative and general expenses as a per cent of sales fell from 26.4% to 26.1% of sales in the comparable periods.

Still, Stanley said, "We anticipated that net income gains would be difficult this quarter in light of the particularly favorable results of the first quarter of 1983."

Regarding the sales gain, comparable-store volume in the period rose 15% from the year-ago quarter, he said.

The company also completed the three-store acquisition of Wood Bros. Lumber, Tucson, Ariz., in the quarter and announced and consummated the acquisition of two-store Somerville Lumber, Somerville, Mass., in the second quarter.

Payless this year was anticipating opening 19 stores, 12 in new markets including Visalia, Calif., Cincinnati, Lima and Springfield, Ohio, Columbia and Joplin, Mo., and College Station and Longview, Tex., and seven others in existing markets including Mesa and Tucson, Ariz., Denver, Indianapolis, Altoona, Iowa, and Dallas and Houston.

Three Cincinnati units and the Visalia store were expected to open in the second quarter ending in late May.

With the help of these acquisitions and new stores, Payless believes "that this year's sales will surpass, for the first time, $1 billion," Stanley indicated.

Lowe's records 23% sales gain for April

NORTH WILKESBORO, N.C.—Lowe's increased sales by 23% in April to $174.1 million compared to April 1983, officials said.

In the five weeks ended May 4, the 238-store chain's sales to DIYers grew 22% to $90.7 million while sales to professionals rose 24% to $83.4 million. Sales at the 233 stores opened for at least a year by May 4 rose 21% to $171.4 million, according to officials.

More FINANCIAL NEWS on Page 68

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
W. R. Grace	3/31-1st qtr.	$1,497,298	$1,354,115	11	$45,947	$33,111	39
Hines Lumber	3/31-1st qtr.	49,508	47,653	4	(696)	4,949	—
Homecrafters Warehouse	12/31-Year	104,474	66,264	58	838	(250)	—
Michigan General	3/31-1st qtr.	97,874	25,583	283	283	1,088	(74)
Scotty's	4/28-4 wks.	36,560	32,563	12	—	—	—
Southwest Forest Industries	3/31-1st qtr.	174,806	130,525	34	3,441	(6,855)	—
Wolohan Lumber	3/31-1st qtr.	22,191	16,891	31	(313)	(256)	—

*$ in thousands

Source: Company reports

STOCK PRICES

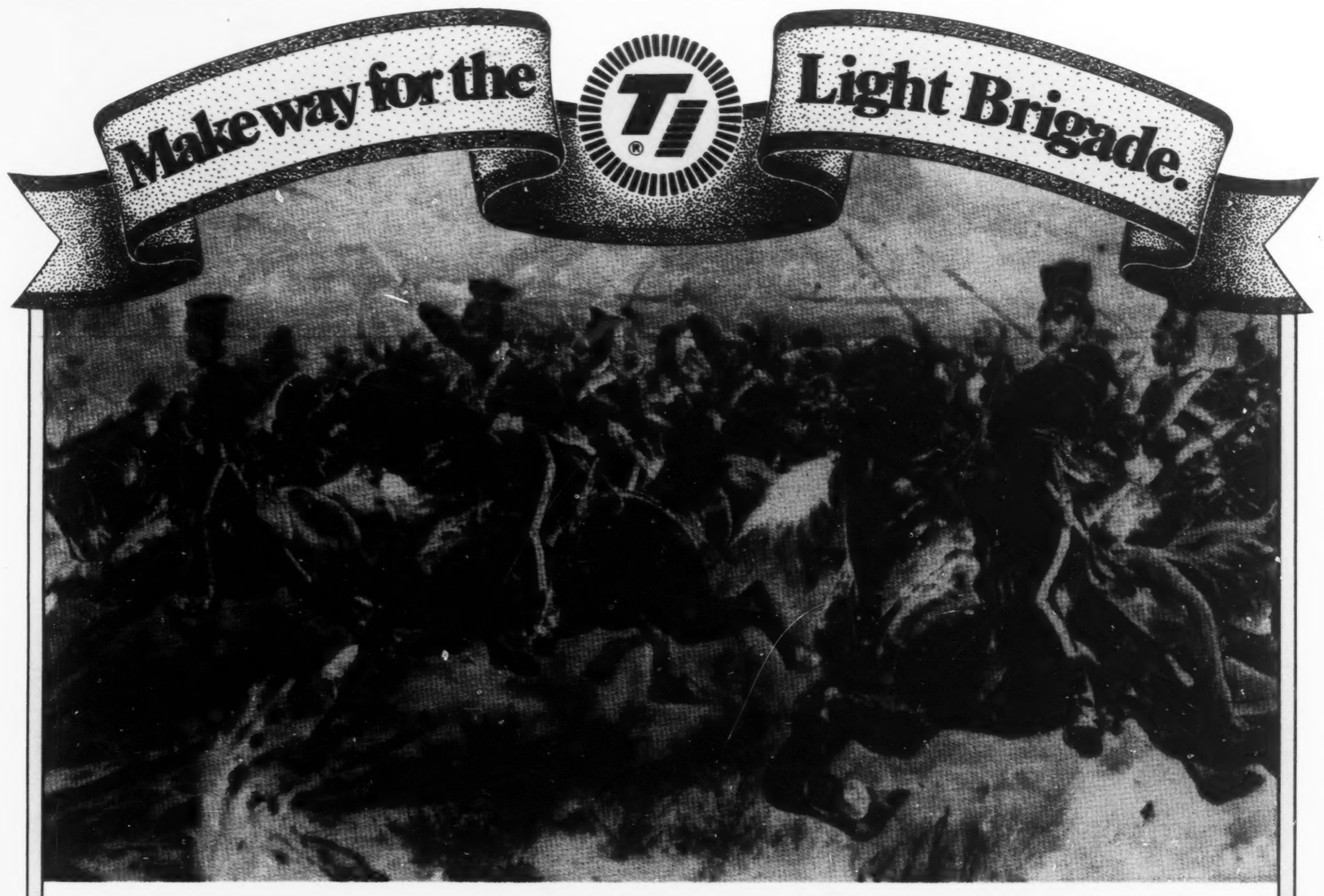
		As of 5/15	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)		35⅞	47⅜	34½	14
Edison Bros. Stores (NYSE) [Handyman, Homer's]		39	46¾	35¾	9
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]		7	19½	4⅞	—
Forest City (AMEX)	A	15¾	20⅛	12	12
	B	15½	20½	13	11
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]		39	50⅜	38⅜	11
Home Depot (NYSE)		19¼	31¾	14	47
Lowe's (NYSE)		19⅞	32¾	17⅝	14
Michigan General (AMEX) [Diamond Lumber]		5⅜	14	4⅞	28
Pay 'N Pak (NYSE)		14½	24	12¾	13
Payless Cashways (NYSE) [Furrow]		16¾	34½	15	13
Scotty's (NYSE)		14⅛	19½	13⅛	11
Southwest Forest Industries (NYSE) [Knox Lumber]		15⅞	22½	12¼	—
Standard Brands Paint (NYSE)		19¼	28¾	18	11

Nasdaq—over-the-counter stocks

		As of 5/15	52-week High	52-week Low	P/E Ratio
Color Tile		15¼	25⅛	13⅝	—
Hechinger	A	15¾	24¼	14	—
	B	16½	25	14	—
Pay 'n Save		18	29¼	17	—

Over-the-counter stocks

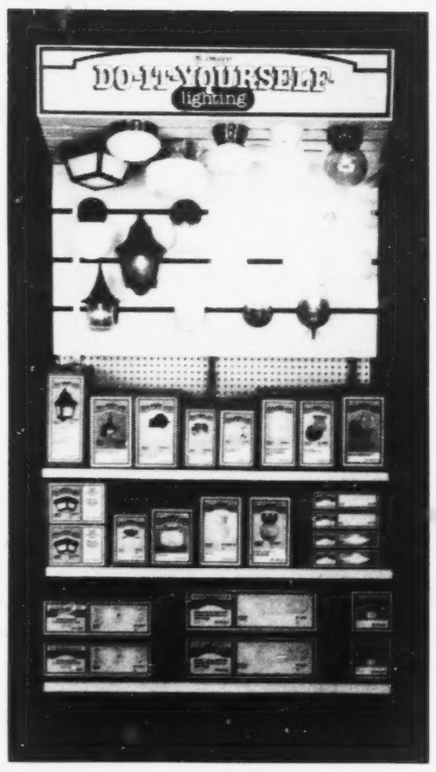
	As of 5/15 Bid	As of 5/15 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber	19	21½	25¼	16
Hines Lumber	33	—	41½	23½
Home Centers of America [units]	18	21	51½	13¼
Homecrafters Warehouse	13¾	14¼	17½	12½
National Lumber	7	7½	13¼	5¾
Scotts Seaboard [Scott's]	2¾	3¼	5	2
Wolohan Lumber	4½	4⅝	10⅛	4¼



New Do-It-Yourself Lighting from the lighting leader.

Only Thomas offers you a complete lighting program backed by years of leadership in residential lighting. And that leadership will pay off for you in a variety of ways.

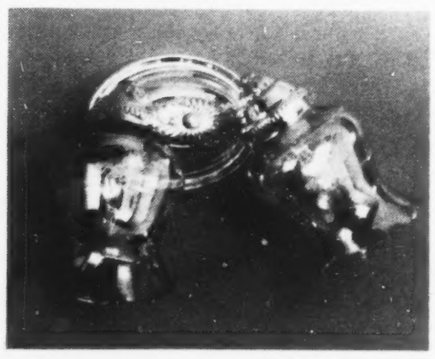
The selection is one of the widest available and popular price points will help inventories turn faster. In addition, you can select from a wide range of displays complemented by informative, "self-selling" packaging.



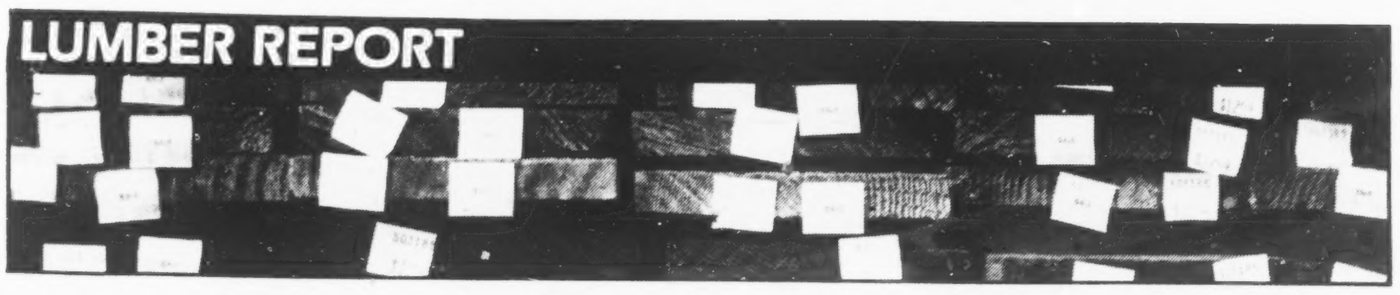
THOMAS INDUSTRIES INC.
207 E. Broadway, Louisville, Kentucky 40232

And lastly, on-time delivery keeps you stocked and selling all the time.

Go with the leader and make way for bigger profits with Do-It-Yourself Lighting from Thomas.



Your Thomas sales representative will be contacting you soon with more details on this exciting lighting line, or you can call 502/582-3771 for more information.



Forest product PAC struggling to meet election year challenges

WASHINGTON—The National Forest Products Assn. is in a financial bind this election year.

The trade group is concerned about a host of bills Congress is considering, legislation that ultimately could affect the economy generally and specifically the business of selling lumber right through the retail channel.

Areas of concern include housing, the Federal deficit, timber contract relief and regulation of the commercial use of wilderness land. The bind is this:

Groups that often oppose NFPA interests, like the Sierra Club and the League of Conservation Voters, spent $225,000 and $1 million, respectively on political candidates in 1982, according to the NFPA, which expects those groups to spend more this year.

So far in 1984 the NFPA's political action committee has raised only $35,000 from its roughly 2,500 individual members, slightly less than half of what had already been contributed at this time two years ago.

The NFPA does not expect that its PAC this year will approach the financial health achieved by some of the PACs it competes against. Rather the 1984 political action goal has been set at $75,000.

Said Alfred Baxter, chairman of the forest products PAC, "We should have the hay in the barn by June or it will be too late."

Baxter, a California lumberman, took advantage of the NFPA's spring conference in Washington early last month to make his pitch to the industry for money.

For one thing, he recommended setting up certain categories of contribution, with generous givers of $1,000 or more receiving the usual rewards for such charity—flattery and a place at the head table.

The importance for retailers of whether or not the NFPA's political action fund-raising strategy works should be clear. In many cases the interests of lumber producers and retailers coincide. If the producers are spending little in Washington to promote their causes, the retailers are spending even less.

It is not certain that the NFPA effort will succeed. There are obstacles: some have to do with the legalities of operating PACs; others are related to the NFPA as an organization. According to the Federal Election Commission, money to the NFPA's PAC must come from individual members. And

(Continued on page 20)

FUTURES

Two weeks ended May 10, 1984

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
May '84	136.20	125.10	129.80	137.20	629	245.50	125.10
July	154.00	141.00	146.50	155.30	4.684	252.50	141.00
Sept.	161.50	148.90	153.40	162.60	1,518	236.00	148.90
Nov.	161.60	149.40	151.70	161.30	1,273	229.00	149.40
Jan. '85	168.50	157.20	160.00	169.00	275	221.30	157.20
March	173.50	161.00	163.50	173.90	143	220.40	161.00
May	178.50	167.00	168.10	179.00	156	225.00	167.00

Total Contract Vol. (Through 5/10): 32,106 — **Previous Two Weeks: 28,525**
Total Open Interest (As of 5/10): 8,778 — **Previous Week: 9,501**
Cash Price: $134.26 — **Previous Week: $144.06** — **Year Ago: $220.50**

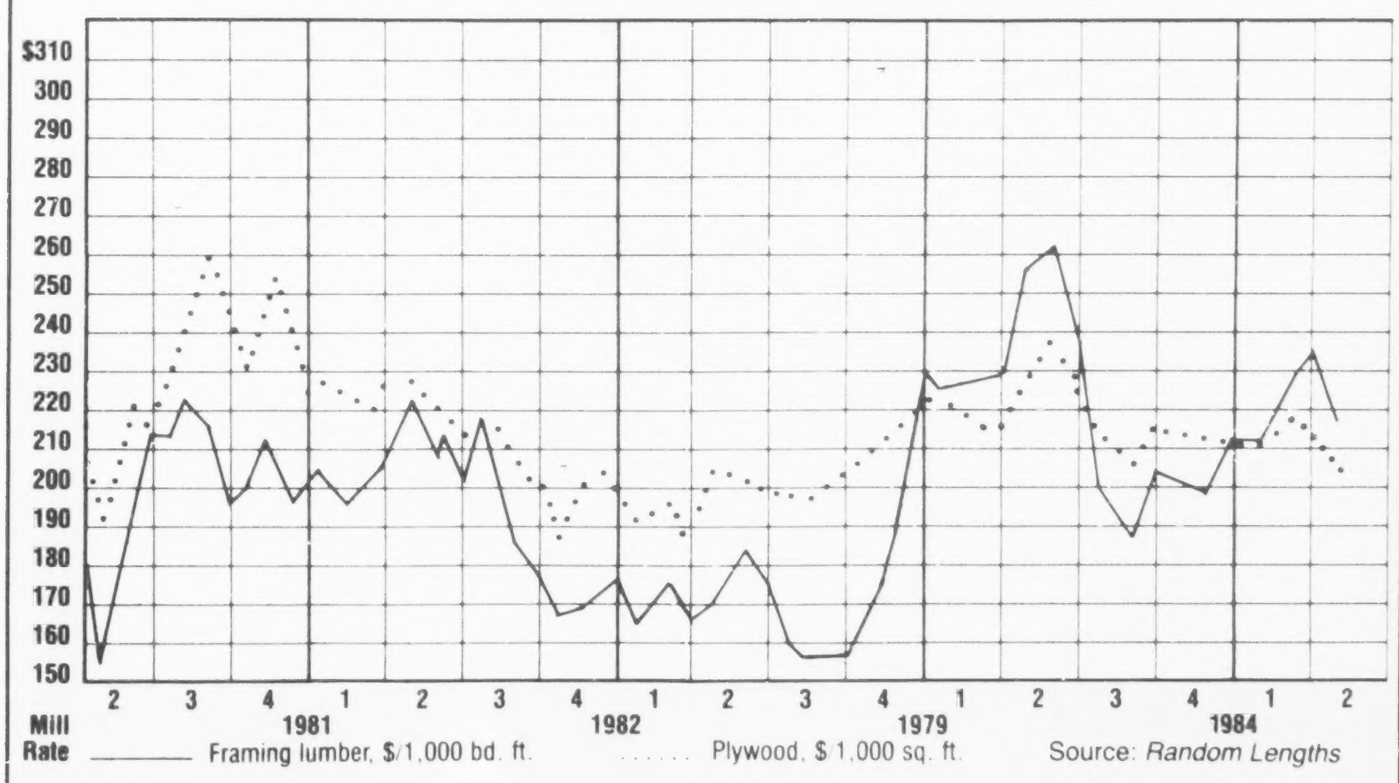
PLYWOOD (CBT)—76,032 sq. ft. ½-in. ext. 4/5-ply; $ per 1,000 sq. ft.							
May '84	174.00	169.00	173.00	174.30	3	208.50	169.00
July	178.00	174.00	177.50	178.40	16	210.00	174.00
Sept.	181.50	177.50	181.50	182.50	6	212.50	177.50

Total Contract Vol. (Through 5/10): 117 — **Previous Two Weeks: 195**
Total Open Interest (As of 5/10): 72 — **Previous Week: 103**
Cash Price: $176.40 — **Previous Week: $179.34** — **Year Ago: $203.84**

COMMODITY RESEARCH BUREAU INDEX:	This Week	Previous Week	Year Ago
	276.7	276.2	249.2

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, May 10.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Composite lumber/plywood price profile



Source: *Random Lengths*

Composite prices slipped in April and continued on a downward trend through the middle of May, when Western production cutbacks began, according to Random Lengths.

The lumber composite, which reached $234 per thousand board feet in March, was down to $217 in April. The plywood composite had been relatively flat compared to lumber and dipped to $206 per thousand square feet in April from $214 in March.

Rising interest rates may have played a part in softening the prices but overproduction was probably also involved.

The framing and plywood composite numbers are based, respectively, on Random Length's weighted averages of nine key lumber and seven key plywood items.

MANUFACTURERS and SHIPPERS!
A SINGLE SOURCE FOR:
- Wood Lath
- Pine Boards
- Furring Strips/1x2—1x3—2x2
- Pressure Treated Landscape Timbers
- Cedar Shingles/Shims
- Pre-Fabricated Wood Fencing
- Cypress Mulch
- Snow Fence/Corn Cribbing
- Pine Bark Nuggets

Mixed and Pool Trucks Available
FOUR SALES OFFICES
For Immediate Service Call
313-626-2322
MID-AMERICA
MID AMERICA
P.O. Box 2973
Farmington Hills, Mich.
48018

Depend on the difference in Blandex® structural waferboard.

In fact, insist on it! Blandex® waferboard is made from wood wafers precision cut from whole logs. The wafers are bonded together under heat and pressure with phenolic resin.

Great for outside use when sealed properly. And it costs less than comparably sized plywood. You can use it anywhere for major jobs or minor projects.

Because Blandex® is basically a wood product, you can nail it, staple it, drill it, sand it, file it, plane it or saw it.

But you can't beat it for price, performance or practicality.

Stock it. Today.

Accepted by all major building codes and a growing list of consumers.

Codes: FHA HUD 918b
BOCA 82-71
ICBO 3650
SBCC 8355

Sizes: 4'x8' to 8'x28'

Thickness: 1/4, 5/16, 3/8, 7/16, 1/2, 5/8 and 3/4 inches

BLANDEX building products

Blandin Wood Products Company
502 County Road 63
Grand Rapids, MN 55744
(218)327-6333

BLANDEX